

Q&A

on Purchasing Coastal Real Estate --- in South Carolina



S.C. Sea Grant Extension Program
S.C. DHEC/Office of Ocean and Coastal Resource Management

Questions and Answers on Purchasing Coastal Real Estate

Looking for property near the ocean? With nearly 200 miles of coastline, our state boasts some of the most spectacular beaches in the world. But before buying, you should be aware of other factors that accompany the pleasures of owning coastal property.

Most oceanfront property is vulnerable to natural forces such as storms and beach erosion, which can pose threats to your prospective property and undercut its value. This guide focuses on basic questions you should ask as a potential purchaser of coastal real estate. Whether you are considering an undeveloped lot or an existing building, there are critical issues you should examine before committing to purchase. For more information, refer to the list of sources at the end of this guide.

Q: What unusual hazards can affect real estate along South Carolina's shorelines?

A: South Carolina's coastline is constantly changing due to a common coastal hazard—beach erosion. Coastal erosion can be long-term, chronic erosion from a variety of causes, or it may be short term as the result of a single or series of storm events. In addition to erosion, beachfront homes may also be threatened by high wind and flooding generated by storm surge. And in South Carolina, there is a threat of earthquake—the last big one rocked the Charleston area in 1886 and registered 7.6 on the Richter Scale.

Q: What causes shoreline erosion?

A: Hurricanes, northeasters, and other storms cause seasonal fluctuations of the shoreline.

Generally, beaches erode more in the stormy fall and winter months than in the calm summer months. Of course, when a beach is hit directly by a hurricane, beachfront erosion can be even more dramatic. Inlets are also affected by seasonal storms and can change configuration rapidly and severely as tremendous amounts of water and sand flow through them. In severe storms, it is even possible for new inlets to form and



existing inlets to close. On sandy beaches, erosion associated with storms is often severe because large quantities of sand can be moved quickly offshore from the beach and dunes. This type of erosion is usually called “short term” because the shoreline can return to its original profile as conditions improve.

Q: Do South Carolina’s ocean beaches experience “long-term” erosion?

A: Yes. Long-term erosion, often called “beach migration,” is generally associated with rising sea levels. The ocean has risen about six inches during the last century, causing beaches to migrate landward.

Although this process can cause erosion along the entire oceanfront, areas adjacent to inlets are often the most profoundly affected. Some “migrating inlets” are constantly moving in one direction. Others may stay in the same general location but expand and contract constantly. These inlets are often called “breathing inlets.”

In addition to natural causes, erosion can be set in motion by human activities. For example, a jetty constructed to stabilize an inlet or a structure built to stabilize a beach can trap sand on one side but increase erosion on the other. Such erosion will continue until the structure is removed or the beach adjusts.

Q: As a buyer of coastal property, will I automatically be informed about erosion and erosion rates?

A: Not necessarily. Purchasers should always research coastal hazards, seeking information on pertinent laws and regulations from local government, the state’s Office of Ocean and Coastal Resource Management (OCRM), and the realtor.

Each year, the Office of Ocean and Coastal Resource Management publishes the annual “State of the Beaches Report.” This free document, available at OCRM offices in Charleston, Beaufort, Myrtle Beach, and Columbia, is a detailed study of approximately 400 coastal monitoring stations. Erosion rates vary not only from city to city, but sometimes even from one stretch of beach to another part of that same beach.

If you are working with a licensed real estate agent, the agent has a duty to disclose material facts that she or he knows or reasonably should know. Although real estate agents might not always know the erosion rates for particular oceanfront properties, they should advise you of the possibility of erosion and direct you to available sources of information.

And if a beachfront property is located, in whole or in part, seaward of the legislated setback line or the jurisdictional line, a contract of sale or transfer of real property must contain a disclosure statement. The statement must indicate that the property is or could be affected by the legislated lines; and the statement must include the local erosion rate most recently made available by OCRM for that zone.

Q: If I purchase undeveloped oceanfront property, where should I build on the lot?

A: Building is determined by a setback line, which is established by using a mathematical formula based on the 40-year erosion rate in that area. New habitable structures must be built as far landward as possible and are limited to a maximum of 5,000 square feet. Special permits must be obtained to build seaward of the baseline. To qualify, the structure (usually a house) must be built as far landward as possible and have no impact on the primary sand dune or active beach area. If the beach erodes and the permitted structure becomes situated on the active beach, the property owner, at his or her own expense, must agree to remove the structure if so ordered by OCRM.

Q: Can I make additions to an existing beachfront house?

A: Yes. Additions located wholly or partially in the setback area are allowed, provided that the addition and the existing

structure together do not exceed 5,000 square feet of heated space. The additions must also be located no farther seaward than the existing structure. The linear footage of the structure, parallel to the coast, cannot be increased. Additions made totally landward of the setback area do not require any notice to OCRM.

Q: What building construction features help reduce or prevent damage?

A: Several features can prevent or substantially reduce the likelihood of damage from severe storms, erosion, or earthquake. Pilings raise the first floor above expected flood elevations and waves. In many areas, embedding the tip of pilings deeper than five feet below sea level can help a building stand during severe erosion. Any walls constructed between pilings should be designed to break away when hit by waves to prevent damage to the elevated portion of the building. And a solid foundation helps a well-connected building withstand earthquakes.

Elevating a building to protect it from storm surge and flood increases its exposure to storm winds. The key to reducing storm wind damage lies in the quality of the building's design and construction. If you are building a new home on the beach, consider employing the services of a professional engineer to help ensure an adequate structural design. If you are buying an existing home, a professional engineer can help you to assess the structure's strengths and weaknesses, as well as suggest structural and non-structural modifications which may help make the house more damage resistant.

Modifications may include:

- adding hurricane clips to improve the roof's ability to withstand uplift forces of high winds
- installing storm shutters to protect window and door openings from wind-driven rain and debris
- improving attachment of asphalt roof shingles
- reinforcing gable end roofs
- reinforcing the attachment of plywood roof decking to roof rafters with additional nails, screws or adhesives
- reinforcing the attachments of porches and decks to a house's main structure

Remember, however, no home is disaster-proof. There are inherent and unavoidable dangers associated with building homes along the beach. Because of the substantial cost of coastal property, a professional engineering analysis could be a wise investment.

Note: Sand dunes are natural features that also provide significant protection during the most severe storms. You can protect and enhance frontal dunes by keeping vehicles and people off them, planting additional dune grasses, and installing sand fences. Keep in mind, however, that dunes protect against short-term erosion caused by very severe, infrequent storms but offer little protection from long-term erosion.

Q: If my oceanfront property becomes threatened by erosion can I:

Construct a seawall?

A: No. Erosion control structures represent the greatest threat to the preservation of the beach. On an erosional beach, seawalls and rock revetments may actually accelerate erosion, effectively destroying the beach. South Carolina applies a strict regulatory position where these structures are concerned.

Place sandbags in front of my home?

A: Yes. If a building is severely threatened by beach erosion, property owners are allowed to use 5-gallon sandbags to provide temporary protection. Local officials determine if a structure is in imminent danger. Sandscraping may also be used to construct temporary protection for coastal structures if local officials determine that a structure is in imminent danger.

Move my house away from the eroding shoreline?

A: Yes. House-moving is an allowable and generally a cost-effective means of getting a structure out of harm's way. If space allows, a structure may be moved landward on the same lot;



otherwise, it can be relocated to new property. Regardless of where the building is moved, it must meet any existing setback requirements.

Q: Can I rebuild or repair my beachfront structure if it is damaged by a hurricane or other coastal storm?

A: Yes. A habitable structure that has been destroyed beyond repair due to a natural cause and that is wholly or partially in the OCRM setback area may be replaced or rebuilt provided all of the following requirements are met:

- a) The total square footage of the replaced structure seaward of the setback line does not exceed the total footage of the original structure seaward of the baseline.
- b) The linear footage of the replaced structure parallel to the coast does not exceed the original linear footage parallel to the coast.
- c) The replacement structure is no farther seaward than the original structure.
- d) Where possible, the replaced structure is moved landward of the setback line or if not possible, then as far landward as practicable, considering local zoning and parking regulations.

Q: Can I get insurance for damage resulting from erosion and flooding?

A: Maybe. You should be able to purchase a flood insurance policy, which is separate from a standard homeowner's policy. The National Flood Insurance Program (NFIP) was established by Congress to make flood insurance available nationwide to eligible properties. Policies issued under the NFIP include conditions and costs dictated by federal requirements. The NFIP partners with private insurance companies. These private companies sell flood insurance backed by the federal government. In most cases, the federal government in turn guarantees to pitch in if losses occur—thus encouraging private companies to write affordable policies for areas that might normally be considered too risky.

Large discounts on premiums are often available for buildings constructed above minimum standards. For example, discounts

are available for buildings elevated on pilings higher than required to avoid storm-surge flooding.

There is a limit to single-family home coverage under the NFIP. The building's structure can be insured for up to \$250,000 and the contents for up to \$100,000. If the owner wishes to purchase excess flood coverage, or if the property is not eligible for the NFIP, the owner may be able to procure flood insurance coverage from a private insurer. However, private insurers regularly reassess whether or not to offer coverage, and it may not always be available.

Q: Is flood insurance mandatory for coastal property?

A: No law requires that an owner buy or maintain flood insurance. Nevertheless, federally insured lenders, including mortgage companies, banks and savings and loan associations, require buildings to carry flood insurance for the life of their lien if the property is in a flood-prone area. Failure to maintain coverage may permit the lender to declare the balance of the loan due and payable.

Flood-prone areas are identified on Flood Insurance Rate Maps, which should be available at your local building inspector's office. If your building is not in a flood-prone area or you haven't secured a mortgage to purchase your property, flood insurance is optional. However, when building or buying near the ocean, flood insurance is always a good idea, even if it's not required.

Q: What are the limitations of flood insurance?

A: Federal flood insurance covers only structural damage—including damage from waves—caused by flooding. As a rule, damage caused by chronic, long-term erosion is not covered. However, since most erosion that causes structural damage is associated with coastal storms, coverage is often available.

Furthermore, a federally-backed flood insurance policy covers only damage to the insured structure. It does not cover damage to land caused by flood, waves, or erosion. And, it does not cover damage from other events, such as hurricane-

related winds and wind driven rain. These same limitations may apply to privately underwritten insurance.

When a structure is so badly damaged that it cannot be repaired or rebuilt, an owner could receive all benefits under the flood insurance policy and then discover the coverage is inadequate to cover the cost of removing the structure and/or repaying the loan. In addition, the value of any remaining land may decline significantly if the land has become “unbuildable” for either physical or regulatory reasons.

Q: Can I get insurance for wind damage to coastal property?

A: Many private underwritten homeowner policies cover wind damage and water damage caused by wind; e.g. wind blowing out a window and the subsequent rain damage to house contents. But because of the high risk in coastal areas, some private insurance companies are excluding coverage for wind damage. Some companies have even stopped writing new policies in areas that they consider to be at high risk. In response to this, South Carolina has created a “wind insurance pool” to provide insurance coverage to homeowners who cannot obtain it from private sources. This pool, called the South Carolina Wind and Hail Underwriting Association, is sponsored and subsidized by the insurance industry in South Carolina.

The Wind and Hail Underwriting Association provides coverage only in designated areas of South Carolina—generally the barrier islands and other property close to the ocean. Contact the association for specific information.

There is also an emerging trend toward separating severe storm wind coverage from the rest of the homeowner’s policy. This separation is triggered when a storm becomes a tropical storm or hurricane and includes losses that occur up to 72 hours after the storm has passed through the area. In these cases, standard deductibles may no longer apply. Instead, the homeowner may be responsible for a larger deductible based on some percentage—generally 1 to 5 percent—of the insured value of the home. How property and casualty insurance is bought and sold in high hazard areas is

changing. For these reasons, it is a good idea to talk with your insurance agent, read your policy closely, and understand what it does and does not cover.

Note that it is important to maintain wind insurance throughout the year. Not only does this coverage protect you from tropical storms and hurricanes, it provides protection from strong winds related to thunderstorms, tornadoes, waterspouts, and other events. If you wait until a storm is approaching, it will be nearly impossible to obtain coverage. Most companies cease writing any form of property insurance when a storm reaches a given geographic area in the Atlantic Ocean—or they require a waiting period before implementation.

Shop around and compare quotes. More than 85% of residents in coastal South Carolina are able to obtain coverage from private insurance companies.

Q: What about earthquake insurance?

A: Most homeowner and rental insurance policies do not cover damage caused by an earthquake, but coverage can be added to most policies as an “endorsement” for an additional cost. Earthquake insurance covers the damage to a home and its contents caused by the movement of the earth. Yet, most policies and endorsements do not cover cracking of bricks, mortar, or stucco unless specifically requested. Be sure to check with your agent or company.

Earthquake insurance is sold with a deductible on the amount of coverage, similar to a tropical storm or hurricane deductible. The amount is set as a percentage, for example, 5% or 10% of the coverage amount rather than fixed dollar amounts (higher deductibles are also available). These deductibles are separate from your basic homeowner’s policy. Earthquake insurance can be quite inexpensive. Contact your insurance agent or company to find out what the costs would be for your home.



Additional Information:

Charleston Southern University Earthquake Education Center

<http://www.csuniv.edu/Academics/Quake/quake.html>

(843) 863-8090

Federal Emergency Management Agency (FEMA)

<http://www.fema.gov>

(202) 646-4600

National Flood Insurance Program (NFIP)

<http://www.floodalert.fema.gov/>

1-800-638-6620

South Carolina State NFIP Coordinator

(843) 734-9120

South Carolina Office of Ocean and Coastal Resource Management

<http://www.scdhec.net/eqc/ocrm/>

Charleston Office, (843) 747-4323

Beaufort Office, (843) 524-6885

Myrtle Beach Office, (843) 626-7217

South Carolina Department of Natural Resources Flood Mitigation Program

<http://www.dnr.state.sc.us/water/envaff/flood/scnfip.html>

(803) 734-9103

South Carolina Sea Grant Extension Program

<http://www.scseagrant.org>

(843) 727-2078

South Carolina Department of Insurance

<http://www.state.sc.us/doi/>

Consumer Services Division, (803) 737-6150

South Carolina Wind and Hail Underwriting Association

(803) 779-8373

South Carolina Real Estate Commission

<http://www.llr.state.sc.us/POL/RealEstateCommission/>

(803) 896-4400

U.S. Army Corps of Engineers/Charleston District

<http://www.sac.usace.army.mil/>

Public Affairs Office, (843) 727-4201



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